



10:00	1	Welcome and Apologies	Peter Jones
10:05	2	Minutes of Board Meeting on 30th May 2014 Matters Arising & Recent Developments	Peter Jones
10:15	3	Signing of SE LEP accounts	Paul Keegan
10:20	4	Growth Deal Update	David Godfrey
10:40	5	European Funding (EU SIF) Update	George Kieffer and Lorraine George
11:05	6	GPF Update a. Progress on projects and identification of any headroom	Paul Keegan
11:20	7	SE FUND a. Next steps in development of SE FUND	Peter Jones and Sarah Whitney
11:40	8	Growth Hubs a. Update on progress and model for delivery of Growth Hubs across SE LEP area	Zoe Gordon
11:55	9	Any other business -	Peter Jones
12:00	10	Networking lunch	All
12:30	11	Special Working Session Model for delivery and Growth Deal Implementation a. Initial recommendations from Delivery Review	Irene Lucas

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Draft Special Board Meeting Minutes



Wednesday 30th May 2014, 10:00am – 12:00pm
High House Production Park, Purfleet, Essex RM19 1RJ

Full Board members & alternates present

		Chair
1	Peter Jones	
2	Cllr Jeremy Birch	Hastings BC
3	Cllr Bob Standley	Wealden District Council
4	Cllr Keith Glazier	East Sussex County Council
5	Derek Godfrey	Ellis Building Contractors
6	Brett McLean	East Sussex FSB
7	Christina Ewbank	Association of Chambers East Sussex (ACES)
8	Cllr Kevin Bentley Alternate for David Finch	Essex County Council
9	George Kieffer	Have Gateway Business
10	Julian Drury	C2C and South Essex Businesses
11	Cllr John Kent	Thurrock
12	David Burch	Essex Chambers
13	Cllr Chris Whitbread	West Essex Authorities
14	David Rayner	Birkett Long and Heart of Essex Businesses
15	Perry Glading	Forth Ports and Thurrock Businesses
16	Cllr Paul Carter	Kent County Council
17	Geoff Miles	Maidstone Studios
18	Cllr Alan Jarrett Alternate for Cllr Rodney Chambers	Medway Council
19	Graham Brown	Bouygues UK & Denne Construction Ltd
20	Cllr Paul Watkins	Dover District Council
21	Jo James	Kent Invicta Chambers
22	Cllr Peter Fleming	Sevenoaks District Council
23	Nick Sandford	CLA & Godinton House and Estate
24	Julia Goodfellow Alternate for Julian Crampton	University of Kent
25	Graham Razy	East Kent College
26	Alternate for Southend BC Leader	Scott Dolling
27	South Essex Local Authority Representative	

Other attendees present

1	David Godfrey	South East LEP
2	Andrea Stark	Creative Industries
3	David Morrall	DCLG
4	Graham Pendlebury	Senior Whitehall sponsor for LEP
5	Malcolm Morley	Harlow Council
6	David Gilham	Amey
7	Robin Cooper	Medway Council
8	John Shaw	Sea Change Sussex
9	Tim Ingleton	Dover District Council
10	Lorraine George	SE LEP
11	Paul Keegan	SE LEP
12	David Godfrey	SE LEP
13	David Bull	Thurrock District Council
14	Dave Evans	East Sussex County Council
15	David Liston-Jones	Thames Gateway Kent Partnership
16	Keith Cornwell	Thames Gateway South Essex partnership
17	Ross Gill	Kent County Council
18	Simon Hubbard	Hastings BC
19	Jeremy Kite	Dartford BC

20	Andrew Bowles	TGKP & Swale BC
21	Roger Blake	RAILFUTURE
22	David Shore	Shepway DC
23	Paul Bird	Essex County Council
24	Steve Clark	Haven Gateway

1. Welcome and Update

The meeting started at 10:00.

The Chairman began the meeting by thanking all Board Members, local area partnerships and the central LEP team for their work in producing the SE LEP Growth Deal submission and congratulated them on the proposition. A response was expected from Government in July.

Apologies received from:

Cllr Kevin Bentley - Alternate for Cllr David Finch
 Cllr Alan Jarrett – Alternate for Cllr Rodney Chambers
 Rob Tinlin - Alternate for Southend Leader as no-one chosen yet
 Julia Goodfellow - Alternate for Julian Crampton
 Cllr Paul Watkins – Alternate for John Gilbey
 Scott Dolling – representing Southend Leader

2. Minutes of last meeting, Matters Arising and Recent Developments

Manston

Paul Carter reported the sad news that flights had now ceased at Manston and redundancy notices had been issued. The Board agreed it should stand ready to assist in whatever way it could.

Ebbfleet

Paul Carter reported the UDC Board had met twice and that an advertisement had been placed in the national press for the UDC Chairman. Meetings with developers were taking place to see what could be done to accelerate progress. It was clarified that SE LEP was not currently part of this process.

Davies Commission

Robin Cooper advised that the deadline for submissions had now passed and a decision on the Estuary Airport proposal was expected in September. Final recommendations were expected after the General Election in 2015. It was confirmed that the LEP would look to undertake swift consultation with business on publication.

Minutes

These were agreed as a true record of proceedings.

Matters Arising

It was confirmed that changes to the GPF process, with the fund taking investment risk, were being progressed. A deadline was requested for this to take place.

Action: GPF timescale to be circulated

3. Growth Deal update

David Godfrey updated members on the Growth Deal. The Chairman indicated his frustration that the negotiation process had not so far unfolded as intended. He also reiterated the importance of SEFUND and his intention to meet potential investors over the Summer and Autumn.

Geoff Miles, supported by other Board Members, indicated the need for Government to keep their side of the bargain in terms of flexibility and local decision-making through the LEP. Julian Drury was keen to understand the role of business in any negotiations. Others were concerned to highlight the need for non-City areas to have a full opportunity for new funding through the Growth Deal which had previously only been available to cities, the need for Government to understand that SEFUND would be opened to developers at the “tipping point” of building and the general anxiety of business about the process, including the challenging timescales and the need for streamlining.

Graham Pendelbury indicated that frustrations were understood and that Ministers and Officials were working hard to complete assessments. He would take back concerns. On SEFUND, he indicated there were similar propositions. He thanked the Board for their work and confirmed that announcement was expected in July.

4. EU SIF Strategy

The Chairman welcomed David Morrall, Head of 2014-2020 European Regional Development Funds Policy, to present to the Board. [Slides are attached with Minutes.]

Lorraine George confirmed that SE LEP now needed to put further detail into the seven tables required for the Thematic Objectives, addressing each point within them. Appropriate “hooks” would be needed under each objective for projects that local areas particularly wished to promote. More information was required from Government around Access to Finance and also Community Led Local Development, where there the EU Commission was raising questions of the UK Government.

David Morrall advised that the UK Operating Plan would be submitted on the 17th July and that no funding could be spent until this was agreed by the EU Commission. It was likely to be the end of the calendar year before this was completed.

On Governance, David Morrall confirmed that local structures must reflect LEP boundaries.

David Morrall confirmed that 20% Technical Assistance would be available to LEP areas and that DCLG would provide support to the EU Sub Committee for the SE LEP area.

Jo James called for the “Opt In” arrangements to provide true additionality. David Morrall agreed the need to negotiate hard and to ensure the Opt In agencies’ offers were localized and not the

generic national arrangements. David Morrall confirmed that all calls for projects would appear on the gov.uk website and that all should work together to publicise.

Nick Sandford asked how the SE LEP rural Group could fully engage with the process and it was acknowledged that DEFRA had been later with information and that it was still not fully clear how the EAFRD funding would operate.

Geoff Miles asked if David Morrall's team was fully staffed to cope with the new arrangements and was given assurances that this was being addressed.

5. Board Advisory Groups

David Godfrey introduced the paper emphasising the small, technical and non-decision-making nature of the proposed groups. They would exist to support the business-led Board and to undertake some of the necessary administration that must be done at LEP level. By doing so, he stressed they would further simplify the governance structure and streamline the direct relationship between the LEP Board and the Local Area Delivery Boards/Partnerships.

Kevin Bentley requested that the proposed Transport Group be strengthened by placing an elected member in charge. He reminded the Board of Cllr Rodney Bass's paper raised at the previous meeting and reflected in these recommendations. He also wished to strengthen the role of business. On Skills, Cllr Bentley requested that the Essex Employment & Skills Board dealt directly with the Skills Funding Agency and questioned the need for a Skills group. Julian Drury reflected the disagreement of the Greater Essex Business Board with the proposals which they believed complicated governance and moved business further away from decision-making. He also took exception to the paper being circulated late.

Cllr Jeremy Birch asked Board members not to over-react to the proposals while Derek Godfrey called for the internal "wiring" such as this to be hidden.

The Chairman accepted the need to re-think and re-present these proposals, working with the 3 Vice Chairmen as appropriate.

Action: Further work to be undertaken on working groups to develop an acceptable proposal

6. Core activities and budget

David Godfrey presented the SE LEP Core activity and budget proposals for 2014/15 in preparation for the Growth Deal and to make the federal model work by devolving funding and spend as appropriate to support Local Area Delivery Boards/Partnerships and local activities.

The paper also proposed advancing work on SEFUND and deployment of small amounts of investment to accelerate growth eg CORE.

The budget would also bring the Secretariat back to strength with recruitment of an operations manager role at centre, making savings by not recruiting a Deputy Director.

Board members commented that the enormous resource of local authorities was underplayed in

the budget. It was agreed that while this was understandable (as only financially reimbursed activity such as secondments were reflected), it should be noted.

Cllr Jarrett asked for confirmation that the reserve to be spent in support of the Growth Deal implementation was a one-off drawdown and this was confirmed.

The core activity and budget proposals were agreed.

7. a. GPF

The Chairman introduced a progress report following the last Board meeting, both on the changes to the underwriting arrangements and on new investments. He raised his concerns at how GPF was progressing, the delays to project investment and the lack of clarity on projects being supported but which had yet to drawdown funding.

Cllr Paul Watkins asked how the Discovery Park pipeline investment of £8m was progressing and was assured that this was agreed subject to satisfactory arrangements and due diligence between Essex and Kent County Councils being in place.

Cllr Keith Glazier raised his concerns at the process and hold-ups to investments in East Sussex, pointing out the difference between underspends and funding which had not yet been allocated. He stressed that East Sussex was ready to do more.

Cllr Kevin Bentley undertook to follow up criticism of the Accountable Body in delays to the process.

George Kieffer called for the process to be streamlined further and for funding to be given to federated areas if this would speed up the investment.

Cllr Alan Jarrett noted that Medway would deliver on its project allocations and hoped this would be considered in future when others had made no drawdown. He welcomed the new underwriting arrangements.

The Chairman recognized frustration on all sides and the real need to make further changes which enabled swift investment along the lines proposed with SEFUND.

It was agreed that steps should be taken to establish SEFUND asap and that a joint letter, signed by the Chairman, Vice Chairmen and County/Unitary Leaders be sent to Ministers

Action: Draft letter to be circulated to Vice Chairs and County/Unitary Leaders.

7. b. Harlow Enterprise Zone

Paul Keegan introduced a paper for approval showing what has been delivered with the agreed revenue grant to Harlow in 2013/14 and putting forward its expenditure profile for 2014/15.

The paper and expenditure was approved.

8. Centre Offshore Renewable Energy

The Chairman advised that this item had been prompted by Michael Fallon's response to our Growth Deal ask for Harwich to become a Centre for Offshore Renewable Engineering (CORE) in its own right. The recommendation from Government was that the CORE status in the SE LEP area should be extended to include Harwich as well as Kent & Medway ports. The sensitivity to the proposal to existing CORE areas in Kent and Medway was acknowledged.

Cllr Kevin Bentley proposed the extended area should be called the Kent/Essex Core. The strong case in Newhaven as proposed by Cllr Keith Glazier was also recognised. Cllr John Kent proposed that the door should not be closed to new ports joining in the future.

Peter Jones suggested the area be called the South East CORE and that we should respond to Government and agree to put in limited investment as agreed in the SE LEP budget.

Cllr Andrew Bowles wanted to put on record the support given to CORE by the Thames Gateway Kent Partnership and asked what consultation had taken place. He agreed funding was needed to support.

It was agreed the area should be called the South East Core and that a letter should be written to Ministers stating this. A meeting should be arranged to include all key players to agree approach to future promotion and delivery.

Action: Letter to be written by Chairman to Government confirming South East Core including Harwich and Brightlingsea. CORE meeting to be arranged.

9. Cultural and Creative

The Chairman was delighted to welcome Andrea Stark to present to the Board. Andrea was the first Chief Executive of High House Production Park and was previously a member of the National Executive Board of Arts Council England.

Andrea Stark emphasized the importance of the Creative Industries sector and the joint arrangements now in place across the SE LEP area. She emphasized that SE LEP was well ahead in this respect - a point referred to by the Minister – and the importance of the SE LEP Creative Industries group.

Andrea outlined the importance of affordable workspace, the right type of skills and the need to challenge existing training provision including HE. She indicated the potential to work at scale, the benefits of joint venture such as that of High House with South Essex College and the need for innovation to help young people benefit from high value jobs within the industry. Andrea emphasised the SE LEP area's proximity to London and the need for a collective voice which the Creative Industries group could provide and the potential of the area to support emerging talent priced out of the capital. Board members referred to the successful projects in their own areas and the need for all to support each other in providing the competitive edge that Andrea identified. Graham Pendlebury considered the creative industries a unique selling point for the South East. Paul Carter congratulated Andrea but felt with all areas wanting to develop the creative industries, all would be fishing in the same pond. It was agreed that we could differentiate the area, maximising opportunities locally with the LEP sprinkling "gold-dust" by

promoting the sector and potentially providing real estate projects through SEFUND. Jo James reminded the Board that private business was a major part of the sector.

10. AOB

It was agreed that letters should be sent from the Chairman to support local projects bidding for the Local Growth Fund (Housing Infrastructure) and early interest in the HRA Borrowing Programme.

The **Local Growth Fund (Housing Infrastructure)** projects were as follows:

1. Martello Lakes (formerly Nickolls Quarry), Shepway:

The project is a major mixed-use development, comprising 1050 residential units, employment and community uses. It is a strategic site, which will unlock much needed investment in local education and leisure facilities. The project is an important one for local growth and has the support of Shepway District Council, which has granted planning permission.

2. NW Braintree Growth Area, Braintree:

This site is a strategically important site within the Haven Gateway A120 Growth Corridor allocated for mixed-use development in the adopted Braintree District Core Strategy (2011). It has the potential to deliver 600 new homes and over 1,000 jobs which can be accelerated with the availability of up-front infrastructure costs - hence this bid by the developers Hills Residential & Mersea Homes. The scheme has the support of Braintree District Council, the Haven Gateway Partnership and has already featured in the submitted SE LEP Strategic Economic Plan.

In addition 3 further bids are coming forward from **Colchester** under the **Large Sites Infrastructure Programme**:

3. Colchester Borough Council – Tendring District Council

A bid by Colchester Borough Council (jointly with Tendring District Council) for Advice and Brokerage for a cross border site comprising a minimum of 4,500 new homes to help meet the objectively-assessed need for housing in both authorities up to 2031. The estimated annual need for new homes across the two council's is 1700 units. In addition to any new housing the area could deliver in excess of 6200 new jobs. Development in the area is also expected to support the expansion plans of the University of Essex. Infrastructure to support these levels of growth will be significant and could include new schools, park and ride, highway and transportation improvements.

4. Colchester Borough Council - Stanway

A bid by Colchester Borough Council for Advice and Brokerage for a number of allocated sites in Stanway. Together the sites are expected to deliver 1500 new homes and approximately 23 hectares of employment land, as well as increased sand and gravel extraction. Significant

supporting infrastructure is required and support is needed to help Masterplan the area comprehensively and identify how infrastructure is funded and what individual developments should contribute.

5. Colchester North Growth Area Urban Extension

Mersea Homes and Countryside Properties have a site that is allocated and there is a resolution to grant planning permission, subject to a S106 agreement. The development comprises 1600 new homes, new schools, a community building, neighbourhood centre and road and cycle improvements. The funding will allow infrastructure to be completed and the scheme to commence.

Housing Revenue Account Borrowing Programme 2015-2016 to 2016-17:

- We have been approached by Eastbourne, Thanet and Ashford to request support.

Action: Letters of support to be drafted and sent from the Chairman.

11. Close

The meeting closed at 1245pm.

STATEMENT OF ACCOUNTS

See attached separate independent report.

Beak Kemmenoe
1-3 Manor Road
Chatham
Kent
ME4 6AE

Dear Sirs,

**SOUTH EAST LOCAL ENTERPRISE PARTNERSHIP (SE LEP)
STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2014**

This representation letter is provided in connection with the audit of the statement of accounts of the South East LEP for the year ended 31st March 2014 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with International Financial Reporting. We offer this representation letter as the Accountable Body for the Partnership.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

- i) We have fulfilled our responsibilities as the Accountable Body for the preparation of the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain ("the Code") as adapted for International Financial Reporting Standards; in particular the financial statements give a true and fair view in accordance therewith.
- ii) We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- iii) Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

- iv) We are satisfied that the material judgements used by us in the preparation of the financial statements are soundly based, in accordance with the Code, and adequately disclosed in the financial statements. There are no further material judgements that need to be disclosed.
- v) All events subsequent to the date of the financial statements and for which international Financial Reporting Standards and the code requires adjustment or disclosure have been adjusted or disclosed.
- vi) We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- vii) We believe that the LEP's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the LEP's needs.

Information Provided

- viii) We have provided you with:
 - a) access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - b) additional information that you have requested from us for the purpose of your audit; and
 - c) unrestricted access to persons within the Council from whom you determined it necessary to obtain audit evidence.
- ix) All transactions have been recorded in the accounting records and are reflected in the financial statements.

Approval

The approval of this letter of representation was minuted by the LEP's Board at its meeting on 26th September 2014.

Signed on behalf of the Accountable Body

Margaret Lee, Executive Director for Corporate Services

[Date - on or post 26th September 2014]

SE LEP GROWTH DEAL UPDATE

Purpose

1. This paper updates Board Members on progress since the SE LEP Growth Deal was announced on 7th July, 2014.

Recommendation

2. The Board is asked to:
 - a. **Endorse** the attached Transport Scheme profile, as provided by federal areas
 - b. **Delegate** final sign-off of an Implementation Plan as required by Government to the Chairman and Vice Chairmen in discussion with their federated Boards
 - c. **Consider** priority themes and our approach to Growth Deal Round 2 in advance of further announcements from Government
 - d. **Note** this update

Background

3. The SE LEP Growth Deal was announced by Ministers in July launching a £442m investment into the SE LEP area. A breakdown of this sum is set out under Appendix 1
4. Reflecting our Growth Deal proposition, the majority of funding supports specific transport schemes to enable new homes and jobs as a result of improved transport infrastructure. Non-transport schemes include £22m for Skills Capital and £800,000 for Growth Hubs to provide co-ordinated support for business.
5. In addition, a range of new responsibilities have been given to the LEP including potential influence over skills, housing and transport provision, with the aim of much greater alignment to local priorities.
6. A full copy of the Growth Deal and accompanying Fact Sheet from Government is attached.

Growth Deal Implementation

7. Unsurprisingly, Government attention over the summer has turned to delivery.
8. An implementation workshop was held by the Department for Business & Innovation in August outlining the process and requirements for an Implementation Plan which is likely to be required by the end of October.
9. It is proposed that the LEP Implementation Plans will have three elements:
 - An Accountability and Assurance Framework
 - A Monitoring and Evaluation Framework
 - Actions/Milestones

10. It has been emphasized that this should not be significant new work, but provide an overarching framework for delivery. A formal Grant Letter would then issued.

Growth Deal Round 2

11. Ministers have also signaled that a second round of the Growth Deal is imminent, with announcements expected around the Chancellor's Autumn Statement.
12. This would primarily be for projects beginning in 2016/17 and beyond and would again be a "single pot" for LEPs to bid into. As yet, there has been no official announcement on the funding available.
13. It is anticipated that bids may be requested from LEPs before the end of the year with decisions taken by the end of March.
14. Feedback has indicated that this will not necessitate a new Strategic Economic Plan, but a short, focused and prioritized submission.

SE LEP Activity

15. The Chairman, Board Members and officers have maintained close contacts with Ministers and officials throughout this period.
16. Work on the Implementation Plan is underway with a major focus on transport projects where the majority of funding is placed. Following a DfT challenge session, final scheme profiling has been proposed by local areas and is attached at Appendix 2.
17. Members should not that the profile as set out in Appendix 2 is currently as submitted to DfT, and which on-going discussions are taking place to agree the profiling, particularly for 2015-16.
18. Further discussions are taking place with DfT on Monday, 22nd, and any revisions required will be reviewed and agreed with the various Transport Bodies and re-presented and highlighted to the Board at its meeting on Friday, 26th

The Board is asked to endorse this Transport Scheme profile which will form part of our Growth Deal agreement.

19. Work to amend our LTB Transport Assurance Framework to reflect the federal areas and local decision-making has also continued. This work has been fed directly into the Delivery Review currently being undertaken by Irene Lucas.
20. Initial work on profiling non-transport schemes has also begun with detail requested in a similar format to that for transport schemes pending further information on requirements from BIS. An officer working group is taking place on 22nd October to agree proposals for format and process including monitoring and evaluation.
21. Meetings with the Skills Funding Agency have taken place to clarify the parameters for accessing Skills Capital funding which have confirmed the need for a competitive process as proposed within the Growth Deal submission. The SFA will administer the competitive process, with bids assessed against a

clear SE LEP skills strategy which will be agreed through federal Boards and return to the SE LEP Board for agreement in December.

22. Progress on SEFUND and the implementation of Growth Hubs is reported on specifically elsewhere in the agenda.
23. Clarification on wider responsibilities and flexibilities linked to transport, housing and skills is also being sought and progressed.
24. The Delivery Review undertaken by Irene Lucas will inform the Accountability and Assurance Framework.
25. It is also noted that further clarification is expected from Government on both the Accountability & Assurance and the Monitoring & Evaluation Frameworks.

With the likely requirement for submission of our Implementation Plan before the next Board meeting in December, Board Members are also asked to consider delegation of final sign-off to the Chairman and Vice Chairmen in discussion with their federated Boards

26. In preparation for Growth Deal – Round 2, the Chairman wrote to all Board Members by email on 8th August to encourage areas to begin to develop their 3 or 4 top project priorities. We are aware that local discussions have been ongoing and it would be helpful for Board members to update at the meeting.
27. Immediate priorities may include those projects submitted in the Growth Deal which were unfunded. Informal feedback also indicates that a greater focus on fewer schemes, an improved fit to national programmes, greater assurance of delivery and a wider, transformational impact across the LEP (where it makes sense) would be encouraged.

Board members are asked to consider priority themes and their broad approach to the “single pot” through Round 2 of the Growth Deal in advance of further announcements from Government

The Board is asked to note this update

Annendix 1

Summary of SELEP Growth Deal Award	2015/16 (£m)		2016/17 and Outer Years (£m)		Total Committed		Prov 2016/17 and Outer Years (£m)		Growth Deal	
	No	£	No	£	No	£	No	£	No	£
Per July Announcement										
Local Growth Fund Award		64.6		143.6		208.2				208.2
Previously Committed Funding		19.4		50.1		69.5				69.5
Provisional Allocation Projects Starting beyond 2016/17		0.0				0.0		164.4		164.4
Total	0	84.0	0.0	193.7	0.0	277.7	0.0	164.4	0.0	442.1
Breakout										
Transport Schemes	33	47.2		113.2	33	160.4	12	164.4	45	324.8
Previously Committed Funding		19.4		50.1		69.5				69.5
Development of Growth Hubs	GH	1.9		11.6		13.5				13.5
Improved Flood Defences at New haven	FD	0.8		0.8		1.5				1.5
Broadband Infrastructure at Colchester	BB	0.2		0.0		0.2				0.2
Skills Capital Program for the SELEP area		11.0		11.0		22.0				22.0
Camland Hythe Limited		3.2		1.6		4.8				4.8
Eastbourne BC - Housing Revenue Account		0.4		0.0		0.4				0.4
Total	33	84.0	0.0	188.2	33.0	272.3		164.4		436.7
GAP		0.0	0.0	5.5		5.5		0.0		5.5

Appendix 2

Summary of Growth Deal Transport Schemes	2015-16	2016-17 +	Total Committed	Provisional 2016-17 +	Total C & P	+LTB Diff
	£m	£m	£m	£m	£m	£m

Per July Announcement

ESSEX & TGSE	23.20	53.40	76.60	111.40	188.00	
Kent & Medway	18.40	49.70	68.10	35.00	103.10	
East Sussex	5.60	10.10	15.70	18.00	33.70	
Total	47.20	113.20	160.40	164.40	324.80	
Previously Committed LTB	19.40	50.10	69.50		69.50	
Total Transport	66.60	163.30	229.90	164.40	394.30	

Profiling Submitted DfT

ESSEX & TGSE	10.60	20.10	30.70	22.00	52.70	
Kent & Medway	16.20	51.90	68.10	58.90	127.00	
East Sussex	34.60	59.90	94.50	111.40	205.90	
Total	61.40	131.90	193.30	192.30	385.60	

Delta (Ex LTB) / With LTB

Delta (Ex LTB) / With LTB	14.20	18.70	32.90	27.90	60.80	8.70
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Gap Analysis

LTB Schemes Included Phasing

Queensway	10.00	5.00	15.00	-	15.00	
Colchester Park & Ride	5.90	-	5.90	-	5.90	
Beaulieu Park Station	3.40	8.60	12.00	-	12.00	
M20 Jct A	-	-	-	19.70	19.70	
Hastings & Bexhill Jct Improvements	-	-	-	4.20	4.20	
A22 / A27 Jct Improvements	-	-	-	4.00	4.00	
Sub-Total	19.30	13.60	32.90	27.90	60.80	8.70

Gap Analysis

Phasing

Phasing Bexhill	(5.00)	5.00	-		-	
Phasing Kent Schemes	(2.20)	2.20	(0.00)		(0.00)	
Phasing Essex & TGSE Schemes	2.10	(2.10)	-		-	
Sub-Total	(5.10)	5.10	(0.00)	-	(0.00)	0.00
Total	14.20	18.70	32.90	27.90	60.80	8.70

Delta

Delta	-	-	-	(0.00)	-	(0.00)
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Appendix 2a

A. Schemes commencing in 2015/16:

Scheme name:	Primary	Secondary	Competitive LGF contribution (£m)							Total LGF contribution (£m)	Other local contribution (£m) Local Authority Contribution	Third Party Contribution (£m) Private Sector Contribution	Total Scheme Cost (£m)
			2015/16	2016/17	2017/18	2018/19	2019/20	2020/21					
Tonbridge Town Centre Regeneration	Kent & Medway	Kent	2.00	0.40						2.40	2.38	1.90	6.68
Sittingbourne Town Centre Regeneration	Kent & Medway	Kent	2.50							2.50	-	2.00	4.50
M20 Junction 4 Eastern Overbridge	Kent & Medway	Kent	2.20							2.20		2.61	4.81
A26 London Rd/ Speldhurst Rd/ Yew Tree Rd, Tun Wells	Kent & Medway	Kent	1.00	0.80						1.80	0.05	0.20	2.05
Rathmore Road Link, Gravesend	Kent & Medway	Kent		4.20						4.20	4.90	-	9.10
Kent Thameside LSTF	Kent & Medway	Kent	2.40	0.50	0.50	0.40	0.40	0.30		4.50	3.15	-	7.65
Maidstone Gyrotory Bypass	Kent & Medway	Kent	1.00	3.60						4.60	1.14	-	5.74
Kent Strategic Congestion Management programme	Kent & Medway	Kent	0.80	0.80	0.80	0.80	0.80	0.80		4.80	-	-	4.80
Middle Deal transport improvements	Kent & Medway	Kent	0.40	0.40						0.80	-	0.75	1.55
Kent Rights of Way improvement plan	Kent & Medway	Kent	0.20	0.20	0.15	0.15	0.15	0.15		1.00	0.30	-	1.30
Kent Sustainable Interventions programme	Kent & Medway	Kent	0.50	0.50	0.50	0.50	0.50	0.50		3.00	-	-	3.00
A28 Sturry Road integrated transport package	Kent & Medway	Kent		0.30						0.30	-	0.25	0.55
Maidstone sustainable access to employment areas	Kent & Medway	Kent		2.00						2.00	0.15	0.85	3.00
West Kent LSTF	Kent & Medway	Kent	0.80	1.40	0.70	0.70	0.70	0.60		4.90	0.64	3.52	9.06
Folkestone Seaford : onsite infrastructure and engineering works	Kent & Medway	Kent	0.50							0.50	-	-	0.50
A289 Four Elms Roundabout to Medway Tunnel Journey time and Network Improvements	Kent & Medway	Medway	0.50	1.10	4.50	5.00				11.10	-	7.50	18.60
Strood Town Centre Journey Time and Accessibility Enhancements	Kent & Medway	Medway	0.20	0.50	7.80	0.50				9.00	1.00	-	10.00
Chatham Town Centre Place-making and Public Realm Package	Kent & Medway	Medway	1.00	2.00	1.00					4.00	2.90	-	6.90
Medway Cycling Action Plan	Kent & Medway	Medway	0.10	1.10	1.30					2.50	0.50	-	3.00
Medway City Estate Connectivity Improvement Measures	Kent & Medway	Medway	0.10	0.40	1.50					2.00	-	-	2.00
Queensway Gateway Road	East Sussex	East Sussex	10.00	5.00						15.00			15.00
North Bexhill Access Road	East Sussex	East Sussex			5.00					5.00			5.00
Hailsham/Polegate/Eastbourne Sustainable Transport Corridor	East Sussex	East Sussex	0.30		1.80					2.10	0.33	1.10	3.53
Eastbourne and South Wealden Walking and Cycling LSTF package	East Sussex	East Sussex	0.30		0.80	2.50	2.50	2.50		8.60	0.70	1.26	10.56
Colchester Park and Ride and Bus Priority Measures	Essex & TGSE	Colchester	5.90							5.90	1.60		7.50
Colchester LSTF	Essex & TGSE	Colchester	2.00							2.00			2.00
Colchester Integrated Transport Package	Essex & TGSE	Colchester	2.20	2.80						5.00	8.00		13.00
Colchester Town Centre	Essex & TGSE	Colchester	5.00							5.00			5.00
TGSE LSTF	Essex & TGSE	TGSE	4.00	1.00						5.00			5.00
A127 Kent Elms Corner	Essex & TGSE	A127	0.50	3.80						4.30	0.72		5.02
A127 Essential Bridge and Highway Maintenance - Southend	Essex & TGSE	A127	0.40	0.30	0.30	1.00	3.00	3.00		8.00			8.00
A127 The Bell	Essex & TGSE	A127		-	0.86	3.44				4.30	0.72		5.02
A127 Fairglen Junction Improvements	Essex & TGSE	A127					5.00	10.00		15.00	2.00		17.00
A127 Capacity Enhancements Road Safety and Network Resilience (ECC)	Essex & TGSE	A127	0.60	1.10	0.50	0.40	1.40	-		4.00	3.00	1.00	8.00
A414 Pinch Point Package	Essex & TGSE	Harlow	7.10	2.90						10.00	5.11	-	15.11
A414 Maldon to Chelmsford RBS	Essex & TGSE	Maldon	1.00	1.00						2.00	1.99		3.99
Chelmsford Station / Station Square / Mill Yard	Essex & TGSE	Chelmsford	1.50	1.50	-	-	-	-		3.00	4.90	-	7.90
Basildon Integrated Transport Package	Essex & TGSE	Basildon	1.00	1.85	1.60	1.60	1.60	1.35		9.00	4.00	-	13.00
Beaulieu Park Station	Essex & TGSE		3.40	3.40	5.20	-	-	-		12.00		22.00	34.00
										-			-
Total			61.40	44.85	34.81	16.99	16.05	19.20	193.30	50.18	44.94	288.42	
Summary	East Sussex		10.60	5.00	7.60	2.50	2.50	2.50	30.70	1.03	2.36	34.09	
	Kent & Medway		16.20	20.20	18.75	8.05	2.55	2.35	68.10	17.11	19.58	104.79	
	Essex & TGSE		34.60	19.65	8.46	6.44	11.00	14.35	94.50	32.04	23.00	149.54	
	Total		61.40	44.85	34.81	16.99	16.05	19.20	193.30	50.18	44.94	288.42	
			ok	ok	ok	ok	ok	ok	ok	ok	ok	ok	

B. Pipeline schemes (commencing in 16/17 and beyond):

A28 Chart Road	Kent & Medw ay	Kent		1.00	1.00	7.00	1.20		10.20	22.57		32.77
Maidstone Integrated Transport	Kent & Medw ay	Kent		1.30	2.00	2.00	3.60		8.90	1.90	5.00	15.80
Sturry Link Road	Kent & Medw ay	Kent		1.00	2.45	2.45			5.90		22.70	28.60
Thanet Parkw ay	Kent & Medw ay	Kent			4.00	6.00			10.00	4.00		14.00
M20 Junction 10a (Committed LTB Project)	Kent & Medw ay	Kent			8.30	11.40			19.70	16.20		35.90
A226 London Road/B255 St Clements Way (Committed LTB Project)	Kent & Medw ay	Kent				1.10	3.10		4.20	2.86	1.44	8.50
Hastings and Bexhill junction capacity improvements package	East Sussex	East Sussex			1.50	1.50	1.50	1.50	6.00	0.70	0.75	7.45
Hastings and Bexhill LSTF walking and cycling package	East Sussex	East Sussex				2.00	2.00	2.00	6.00	0.70	1.00	7.70
A22/A27 junction improvement package	East Sussex	East Sussex		4.00					4.00		1.00	5.00
Eastbourne town centre LSTF access & improvement package	East Sussex	East Sussex				2.00	2.00	2.00	6.00	2.90	2.00	10.90
Southend and Rochford SCAAP (Southend Central Area Action Plan) - Transport Package	Essex & TGSE	Southend		1.00	2.00	2.00	2.00		7.00	2.90	2.00	11.90
Thurrock Cycle New ork	Essex & TGSE	Thurrock		1.75	1.75	1.50			5.00	1.13		6.13
London Gateway/Stanford le Hope	Essex & TGSE	Thurrock		1.00	2.00	3.00	1.00	0.50	7.50	0.30	4.25	12.05
A13 Widening	Essex & TGSE	Thurrock		5.00	50.00	25.00			80.00		10.00	90.00
A131 Chelmsford to Braintree	Essex & TGSE	Colchester					1.83	1.83	3.66	3.66		7.32
A414 Harlow to Chelmsford	Essex & TGSE	Colchester				1.83	1.83		3.66	3.66		7.32
A133 Colchester to Clacton	Essex & TGSE	Colchester				1.37	1.37		2.74	2.74		5.48
A131 Braintree to Sudbury	Essex & TGSE	Colchester					0.92	0.92	1.84	1.84		3.68
Total			-	16.05	75.00	70.15	22.35	8.75	192.30	68.06	50.14	310.50
Summary	East Sussex		-	4.00	1.50	5.50	5.50	5.50	22.00	4.30	4.75	31.05
	Kent & Medw ay		-	3.30	17.75	29.95	7.90	-	58.90	47.53	29.14	135.57
	Essex & TGSE		-	8.75	55.75	34.70	8.95	3.25	111.40	16.23	16.25	143.88
	Total		-	16.05	75.00	70.15	22.35	8.75	192.30	68.06	50.14	310.50
			ok	ok	ok	ok	ok	ok	ok	ok	ok	ok



SE LEP EU STRUCTURAL INVESTMENT FUND (ESIF) UPDATE

Please note appendices for this report are contained within the separate EU appendix pack

Purpose

1. This paper updates Board Members on:
 - Progress with the EU Structural Investment Fund (ESIF) strategy.
 - Work currently being undertaken by the SE LEP Sounding Board to establish the SE EISF Committee and its relationship to the national Growth Programme Board for England (GPB) (which will become the national Programme Monitoring Committee (PMC) when the operation programmes have been approved by the European Commission.
 - Drafting of the EU Local Implementation Plan (LIP)
 - The Council for Europe Award of £1.8 million to Thurrock under the Youth Employment Initiative (YEI) to be matched by £1.8 million from the SE LEP European Social Fund (ESF) allocation
 - The SE LEP endorsement of 9 Leader Rural funding applications submitted to DEFRA on the 5th September

Recommendation

2. The Board is invited to:
 - a. **Note** progress on the EU SIF strategy and proposals for further development to ensure approval by the Government since original Board approval on 31 January 2014.
 - b. **Approve** an increase of £10 million European Social Fund (ESF) match Opt-in with SFA.
 - c. **Note** the work towards establishing the shadow SE ESIF Committee, required by Government to be set up by November 2014 and provide any additional advice or suggestions before the next Sounding Board meeting on 20 October.
 - d. **Note** the first draft of the SE LEP Local Implementation Plan.
 - e. **Note** the award of £1.8 million to Thurrock as part of the Council for Europe's Youth Employment Initiative (YEI).
 - f. **Note** the submission and endorsement of 9 Leader Rural funding applications from the SE LEP areas and the required synergy of spend between Leader and EAFRD.

Progress Update progress on the development of the EU ESIF Strategy

3. Board members will recall that SE LEP's indicative allocation of EU funds is £165 million from the European Regional Development (ERDF) and European Social (ESF) funds, together with £14.5 million from EAFRD to be spent in the area between 2014 -2020.

What the Board has previously agreed

4. The ESIF strategy was approved by the Board on the 31st January and was submitted, gaining conditional approval. For the 31st May Government deadline, 7 additional thematic tables were drawn up (Appendix 1) giving greater clarity to the strategy.
5. As snap shot of the Board decisions can be seen below and Government departments and agencies are using the ESIF Strategies of all 39 LEPs to inform the national programmes and negotiate with the EC.

Theme	Amount of EU funding	Match via Opt-ins	Unmatched
European Regional Development Fund (ERDF)			
Innovation	£16,500,000	*Manufacturing and Advisory Service: £5 million	£11,500,000
SME Competitiveness	£49,500,000	*UKTI: £5.4 million *Growth Accelerator: £9.4	£34,700,000 (£26 million into Financial Instrument)
Low Carbon	£16,500,000		£16,500,000
Total ERDF	£82,500,000	£19,800,000	£62,700,000

European Social Fund (ESF)			
Employment/labour mobility: access to employment and sustainable integration of young people	£33,800,000	Skills Funding Agency: £20 million DWP: £10 million	£3,800 million
Education, skills and lifelong learning	£32,200,000	Skills Funding Agency: £13 million <i>(Proposal to increase this to £23 million)</i>	£19,200 million <i>(Subject to Board approval £9,200 million)</i>
Social inclusion: active inclusion	£16,500,000	Big Lottery: £8 million	£8,500,000 budget for Community Led Local Development Local Action Groups that will allocate local resources as match funding
Total ESF	£82,500,000	£44,000,000	£38,500,000

Since Board approval:

- We have continued to hold a number of clarification sessions with stakeholders from across the area to ensure that the ESIF is in accord with local priorities. This information will be included in the final draft of the ESIF which is due for submission on the 31 December 2014. By this time the Operational

programmes for ERDF, ESF and EAFRD are expected to have been approved by the European Commission and this will enable the first calls for applications take place in the first quarter of 2015.

7. Reflecting the proposals of local partners, we have agreed to work with 3 ESF Opt-in providers (Skills Funding Agency, DWP and the Big Lottery) who provide £44 million of the match funding required, leaving £38.5 million unmatched. Of that £8.5 million will be matched locally by the successful CLLD Local Action groups. This leaves £30 million unmatched under ESF. Partners have raised concern over the ability to raise that level of match funding locally for skills and **therefore it is proposed to ask the SFA to match a further £10 million, leaving £20 million to be match funded locally by project applicant organisations.**
8. ERDF match funding: The European Commission has challenged the Government's intentions to use Growth Accelerator, UKTI and the Manufacturing Advisory Service (MAS) as Opt-in agencies under state aid rules. This is under discussion but is expected to be resolved shortly and a solution which will provide the necessary match funding found. At present the total amount of match funding identified for ERDF projects is £19.8 million. This leaves £62.7 million of the £82.5million unmatched but of that the Board has already decided £26 million will be allocated to a Financial Instrument which will top-up successful local Access to Finance schemes. £36.7million of unmatched ERDF funds remains to be matched by project applicant organisations from the public and private sector (including HEI). Partners have expressed confidence that this can be sourced.
9. In August 2014 guidance from the Government was received covering a number of issues including how to progress Community Led Local Development (CLLD) groups.
10. After some negotiation with the EC the Government has decided to prioritise areas within the 20% most deprived in the country. The indicative timetable is now:

First quarter of 2015 the Managing Authority (MA) will launch a call for CLLD activity and invite Outline Applications

Second quarter 2015 prospective areas will respond and the MA will carry out gateway assessment and the SE ESIF Committee will consider the MA assessment and recommendations.

End 2015 first quarter of 2016 MA led selection panel will examine the full case

In the first quarter/second quarter of 2016 the MA approves CLLD strategy and financial envelope

From the third quarter of 2016 onwards the successful CLLD areas will implement their strategies.

11. The SE LEP areas interested in this are Hastings: Eastbourne: Dover, Folkestone and Ramsgate, and Thurrock.
12. Government guidance has also started to clarify the situation regarding Financial Instruments and a workshop is taking place at BIS on the 29 September 2014 with LEPS from across the country to update and progress this opportunity. All FIs are required to have an Ex-Ante assessment before ERDF can be drawn down. This will be commissioned centrally using Technical Assistance funding and will be launched at the seminar. In particular, SE LEP will seek to clarify the opportunity for links to SE FUND and the extent to which existing Access to Finance (A2F) schemes can be supported with allocation of ERDF.

13. As LEPs are being encouraged to work strategically across the country in order to deliver these programmes of funding, work is now being undertaken with neighbouring LEPs including New Anglia, Coast to Capital and London LEP to explore joint project opportunities.

Establishment of the SE ESIF Committee

14. The SE LEP Chairman requested George Kieffer to lead the work on establishing the SE ESIF Committee. It is a Government requirement to establish the shadow committee by November 2014 which will become the formal committee when the Operational Programmes have been approved by the EC. These committees are established strictly on the basis of one for each LEP, making 39 in total. The SE ESIF committee will report to and be accountable to the national Growth Programme Board and so will not be a sub-committee of the SELEP Board. The members of the Sounding Board recognise that in order to deliver SELEP's ESIF Strategy, a close engagement is required both with SELEP centrally at Board level and also with the four federated parts of SELEP. It is therefore proposed that regular reports be submitted to the SE LEP Board and federal Boards.
15. The LEP's role will be to establish a project pipeline and to give an opinion on the strategic fit as described by David Morrall from DCLG in his presentation at the Board meeting on the 30 May 2014. The Local Growth Delivery Team (LGDT) will carry out the eligibility checks and contracting and monitoring work with the Projects, as well as appraising proposals in line with the EC rules and requirements. It will also work with the LEP secretariat to ensure the smooth running of the programme.
16. The draft Terms of Reference and Annexe I regarding roles and responsibilities are attached at appendices 2 and 3.

Membership of SE ESIF Committee

17. The composition of the South East ESIF Committee will reflect the breadth of partners specified in Article 5 of the Common Provisions Regulations and the Code of Conduct on Partnership, and be representative of the population of the geographic area covered by the South East ESIF strategy. In putting together the South East ESIF Committee, the LEP and government will have due regard to the Public Sector Equality Duty, taking account of the need to eliminate unlawful discrimination, advance equality of opportunity and foster good relations between people with and without a protected characteristic.

Partners to be represented (each below should ideally be represented with a separate individual to minimise potential conflicts of interest. Members may represent more than one grouping in agreement with the Local Enterprise Partnership and the Managing Authority):

- Local Enterprise Partnership
- Local Authorities (1 each from the 4 federated areas of SELEP, including at least one City, Borough or District)
- Business partners (including small businesses and social enterprise as appropriate to the South East area.)
- Voluntary & Community Sector
- Equalities and non-discrimination
- Environment (with relevant expertise in e.g. sustainable development)
- Trade Union representation
- Employer representation
- Higher Education

- Education, skills & employment
- Rural
- CLLD Local Action Groups
- Managing Authorities for each of the ESI funds and BIS Local.
- Others as wanted/needed by the South East ESIF Committee - for example, the Committee will want to consider how equality and diversity advice needs are met.

18. In order to ensure consistent attendance at meetings the SEC members and partner organisations should nominate a deputy or alternate from a different federated part of SELEP.
19. The selection process and code of conduct expected of members is amplified in the attached ToR.

The EU Local Implementation Plan (LIP)

20. The LEP is required to submit a draft LIP at the end of September to Government giving information about spending profiles, outputs and plans for calls for applications in 2015. It has been described as an iterative process and there are a number of gaps that remain blank at this stage for example there is a lack of information about ERDF Opt-ins (MAS, Growth Accelerator and UKTI) and financial instruments. The document gives Government further information about the spending plans for the SE LEP EU allocation and is intended to provide a framework for project sponsors from across the area to see where their project ideas might fit in the early stages of the programme implementation.
21. When framing the LIP it is important that partners recognise that failure to achieve target outputs or spend could lead to a de-commitment of funding either locally or nationally.

The Council for Europe Award of £1.8 million to Thurrock (appendix 4)

22. The Council for Europe has awarded £1.8 million to the Thurrock area to tackle youth unemployment under the Youth Employment Initiative. It is an EC requirement that this funding is matched from the SE LEP ESF allocation and will potentially be matched by the SFA.

The SE LEP endorsement of 9 Leader Rural funding applications

23. 9 Leader strategies from across the SE LEP area were submitted to DEFRA on the 5th of September and were required to have a letter of endorsement from the LEP. If all these strategies are successful, they will bring an additional £18 million plus into the rural areas to support business and communities. The SE LEP EAFRD (European Agricultural Fund for Rural Development) of £14.5 million will be required to show synergies and not overlap with these funds. The rural chapter of the ESIF is currently under development and will be presented to the next Board meeting. The lack of a SE LEP wide rural strategy has been noted by DEFRA and is a pre-condition to the draw-down of EAFRD funds. This will be addressed in the forthcoming months and will also be presented to the next Board meeting.



GROWING PLACES FUND (GPF) UPDATE

Purpose

1. The purpose of this report is to provide an update to members on the GPF and Cash position, which was reviewed September 18 on a conference call between the Chairman, Leaders and Vice Chairs. A copy of the report reviewed at that meeting, is attached as Annex A
2. The purpose of the call was to review progress on all projects, particularly those that might be stalled or should be withdrawn, and to determine if further headroom was available for allocation to new projects.

Recommendation

3. Members are asked to:
 - a. **Note** the matters that were considered at the meeting as set out below
 - b. **Endorse** the approach for the allocation of new pipeline projects and the withdrawal of Harwich Supply Base
 - c. **Endorse** the approach for the evaluation of KCC projects as set out under Annex A
 - d. **Agree** the proposals to be presented to the Board for Live Margate and Parkside Office village

GPF Review

4. The following matters were considered at the meeting;
 - i. That the allocation to Harwich Supply Base of £2.28m be formally withdrawn
 - ii. That the scheme at Live Margate, currently allocated £5.0m be formally reviewed by KCC to re-assess its viability with a decision to be made at the Board meeting following this determination
 - iii. That revised proposals to the terms of the repayment for Parkside Office Village, currently scheduled to be repaid in one sum of £2.4m on 30th September 2015 be presented and considered
 - iv. That the Process for agreeing, monitoring and reviewing KCC Projects shall be as set out under Annex A of the Report attached hereunder
 - v. That a list of viable Projects be brought forward and presented to members to establish a pipeline of projects for future allocation of funding
 - vi. That the Expression of Interest form to capture new projects brought forward for consideration, be circulated, (attached herewith as Annex B)
 - vii. That the pipeline of new projects be allocated on an equitable basis, which it is proposed should be on the following basis;
 - a) Those that offer the most economically advantageous out-turn as measured in terms of jobs and homes, or other outcomes as the Board may decide
 - b) Those that are “shovel ready” such that funds can be allocated with immediate effect
 - c) Those that offer the most surety in terms of repayment

Funding Headroom

5. The current list of Projects is set out Table 1 and shows that at this point the fund has headroom of £2.28m, resulting from the withdrawal of Harwich Supply Base (Offshore Renewables) allocation.

Table 1

Project	Authority	Round	Allocation
Parkside Office Village	Essex	R1	2,400,000
Chelmsford NE Urban Expansion	Essex	R1	1,000,000
Harlow EZ / Enterprise West Essex	Harlow EZ	R1	3,500,000
Offshore Renewables @ Harwich	Essex	R2	
Revenue Grant - Harlow EZ	Harlow EZ	EZ	400,000
EZ Start-Up Costs	Harlow EZ	EZ	244,389
Priory Quarter - Phase 3 Hastings	East Sussex	R1	7,000,000
North Queensway, Hastings	East Sussex	R1	1,500,000
Bexhill Business Mall	East Sussex	R3	6,000,000
Live Margate	Kent	R1	5,000,000
Workspace Kent	Kent	R2	1,500,000
Rochester Riverside Access Road	Medway	R1	4,410,000
Chatham Waterfront	Medway	R2	2,999,042
Grays Magistrates Court	Thurrock	R3	1,400,000
SELEP Revenue Support	SELEP		376,622
Sovereign Harbour, Eastbourne	East Sussex	P	4,600,000
Discovery Park	Kent	P	4,600,000
Total			46,930,053
Remaining Balance of Fund			2,280,000

Other Matters

6. No other matters of significance are noted at this time

Author: Paul Keegan

Date: 19th September 2014

Annex A

GPF Update & Status Report - as at 31 August 2014

Background

The following is an update on the Growing Places Fund, as at 31st August 2014

It covers the overall cash position of the fund, and sets out the projected quarterly drawdowns & annual repayment profile for all live projects.

The repayment profiles have, in many instances yet to be formally ratified, largely reflective of the extended timelines. Accordingly the profiles mirror the obligations set out in the individual credit agreements, where these exist, and/or from the most up-to-date business case, where available.

Commentary on the financial & agreement status on each project are set out below, organised by the unitary Authority under which they fall.

Summary

As at the date of the last report to the Board in May, the fund of £49.2m had been fully allocated to 15 Projects, across 6 unitary authorities, including the two Enterprise Zones at Harlow and Sandwich.

Since this date, two Projects, Harwich Supply Base and Live Margate have been flagged as “to be withdrawn”, and for the purposes of this report, have not been excluded from the cash flow projections.

Subject to agreement and ratification by the Board, this would potentially free-up £7.28m of additional funding, available for allocation to new projects.

Repayments for the Templefield site within the Harlow EZ of £2m have also been excluded from the cash flow projections, pending a review being undertaken by ECC, of the likely profile of receipts that will be secured from the uplift in NNDR, the agreed mechanism to repay the loan as agreed by the Board last December.

With the exception of Revenue Grants to Harlow Council of £644k and use of the GPF revenue Grant to support secretariat costs of £377k, all of the allocations have been, or are intended to be, by way of Loan for Capital Projects

As at 30th June 2014, total drawdowns amounted to £13.9m, representing 28% of the overall GPF allocated awarded to the South East LEP

Forecast drawdowns up to and including 30th June 2015, amount to £35.5m, or 72% of the overall funding allocation.

A summary by unitary Authority is set out hereunder, together with Drawdown & Repayment Schedules to 30th June 2015

Expressions of Interest received for new funding allocations are noted at the end of the report. **(To Be Inserted following the meeting 18.09.14)**

SELEP - GPF Live & Approved Project List as at 31 August 2014

Authority	Allocation	No	As at 30.06.14	Q2 2014/15	Q3 2014/15	Q4 2014/15	2015/16 +	Total Project	Not Phased
Drawdown Schedule									
Essex	5,680,000	3	2,576,697	87,685	500,000	235,618	-	3,400,000	2,280,000
Harlow EZ	4,144,389	3	391,769	29,375	1,575,000	2,075,000	73,245	4,144,389	0
East Sussex	19,100,000	4	10,215,000	1,292,584	3,115,618	3,783,583	693,215	19,100,000	-
Kent	11,100,000	3	-	-	-	750,000	5,350,000	6,100,000	5,000,000
Medway	7,409,042	2	486,909	-	2,940,326	-	3,981,807	7,409,042	-
Thurrock	1,400,000	1	250,000	-	500,000	650,000	-	1,400,000	-
SELEP	376,622	1	-	-	-	-	376,622	376,622	-
Total	49,210,053	17	13,920,375	1,409,644	8,630,944	7,494,201	10,474,889	41,930,053	7,280,000
% Fund issued by Q1 2015/16			28%			Q1 15/16 =	3,996,923	35,452,086	72%

Repayment Schedule

Essex	5,680,000	3	-	-	-	500,000	2,900,000	3,400,000	2,280,000
Harlow EZ	4,144,389	3	-	-	-	-	1,500,000	1,500,000	2,644,389
East Sussex	19,100,000	4	-	-	-	500,000	18,600,000	19,100,000	-
Kent	11,100,000	3	-	-	-	-	6,100,000	6,100,000	5,000,000
Medway	7,409,042	2	-	-	-	-	7,409,042	7,409,042	-
Thurrock	1,400,000	1	-	-	-	-	1,400,000	1,400,000	-
SELEP	376,622	1	-	-	-	-	-	-	376,622
Total	49,210,053	17	-	-	-	1,000,000	37,909,042	38,909,042	10,301,011
Net Cash	-		35,289,678	33,880,034	25,249,090	18,754,889	46,189,042	46,189,042	3,021,011

Drawdown Schedule by Project

SELEP - GPF Live & Approved Project List as at August 2014 - Drawdown Schedule

Project	Authority	Round	Allocation	C/A	PTD 2013	Q4 2013/14	Q1 2014/15	Q2 2014/15	Q3 2014/15	Q4 2014/15	Q1 2015/16
Parkside Office Village	Essex	R1	2,400,000	Dummy	1,250,000	700,000	450,000	-	-	-	-
Chelmsford NE Urban Expansion	Essex	R1	1,000,000	Dummy	100,000	-	76,697	87,685	500,000	235,618	-
Harlow EZ / Enterprise West Essex	Harlow EZ	R1	3,500,000	HoT	-	-	-	-	1,500,000	2,000,000	-
Offshore Renewables @ Harwich	Essex	R2	2,280,000	HoT	-	-	-	-	-	-	-
Revenue Grant - Harlow EZ	Harlow EZ	EZ	400,000	Grant	-	50,284	97,096	29,375	75,000	75,000	73,245
EZ Start-Up Costs	Harlow EZ	EZ	244,389	Grant	-	244,389	-	-	-	-	-
Priory Quarter - Phase 3 Hastings	East Sussex	R1	7,000,000	C/A	6,250,000	-	715,000	-	-	-	35,000
North Queensway, Hastings	East Sussex	R1	1,500,000	C/A	1,500,000	-	-	-	-	-	-
Bexhill Business Mall	East Sussex	R3	6,000,000	C/A	1,750,000	-	-	-	1,500,000	2,200,000	550,000
Live Margate	Kent	R1	5,000,000	Draft	-	-	-	-	-	-	-
Workspace Kent	Kent	R2	1,500,000	Draft	-	-	-	-	-	250,000	250,000
Rochester Riverside Access Road	Medway	R1	4,410,000	C/A	452,409	-	-	-	1,571,284	-	2,386,307
Chatham Waterfront	Medway	R2	2,999,042	C/A	34,500	-	-	-	1,369,042	-	-
Grays Magistrates Court	Thurrock	R3	1,400,000	C/A	-	-	250,000	-	500,000	650,000	-
SELEP Revenue Support	SELEP		376,622	Grant	-	-	-	-	-	-	94,156
Sovereign Harbour, Eastbourne	East Sussex	P	4,600,000	HoT	-	-	-	1,292,584	1,615,618	1,583,583	108,215
Discovery Park	Kent	P	4,600,000	TBA	-	-	-	-	-	500,000	500,000
Total			49,210,053		11,336,909	994,673	1,588,793	1,409,644	8,630,944	7,494,201	3,996,923
			48,189,042								
Remaining Balance of Fund			-		37,873,144	36,878,471	35,289,678	33,880,034	25,249,090	17,754,889	13,757,967

Repayment Schedule by Project

Project	Authority	Round	Allocation	C/A	PTD 2013	Q4 2013/14	Q1 2014/15	Q2 2014/15	Q3 2014/15	Q4 2014/15	Q1 2015/16
Parkside Office Village	Essex	R1	2,400,000	Dummy							
Chelmsford NE Urban Expansion	Essex	R1	1,000,000	Dummy						500,000	
Harlow EZ / Enterprise West Essex	Harlow EZ	R1	3,500,000	HoT							
Offshore Renewables @ Harwich	Essex	R2	2,280,000	HoT							
Revenue Grant - Harlow EZ	Harlow EZ	EZ	400,000	Grant							
EZ Start-Up Costs	Harlow EZ	EZ	244,389	Grant							
Priory Quarter - Phase 3 Hastings	East Sussex	R1	7,000,000	C/A							
North Queensway, Hastings	East Sussex	R1	1,500,000	C/A						500,000	
Bexhill Business Mall	East Sussex	R3	6,000,000	C/A							
Live Margate	Kent	R1	5,000,000	Draft							
Workspace Kent	Kent	R2	1,500,000	Draft							
Rochester Riverside Access Road	Medway	R1	4,410,000	C/A							
Chatham Waterfront	Medway	R2	2,999,042	C/A							
Grays Magistrates Court	Thurrock	R3	1,400,000	C/A							
SELEP Revenue Support	SELEP		376,622	Grant							
Sovereign Harbour, Eastbourne	East Sussex	P	4,600,000	HoT							
Discovery Park	Kent	P	4,600,000								
Total			49,210,053		-	-	-	-	-	1,000,000	-
Remaining Balance of Fund			-		37,873,144	36,878,471	35,289,678	33,880,034	25,249,090	18,754,889	14,757,967

Key Status by Authority and Project are set out below

ESCC Projects

1. Priory Quarter

This construction phase of the project is nearing completion with marketing underway and letting secured for the fifth floor.

The project is expected to complete within the funding envelope and no flags have been raised on the repayment profile.

Overall status is Green.

Table 1 Project Status R A G

Project Start Date	Project End Date	Status	Agreement in Place?	GPF Allocation £	No Jobs to be Delivered	No Homes to be Delivered	No Office Units to be Delivered	Other Benefits
01-Jun-12	30-Sep-14	Live	Yes	7,000,000	440			

Table 2 Drawdown Schedule R A G

Drawdowns to Date	Q2 14-15	Q3 14-15	Q4 14-15	Q1 15-16	Q2 15-16	Q3 15-16	Q4 15-16	Post 15-16	Total
6,965,000	-	-	-	35,000	-	-	-	-	7,000,000
Date:									

Table 3 Repayment Schedule R A G

2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	Total
		400,000	400,000	400,000	400,000	5,400,000			7,000,000

2. North Queensway

The project is on programme with the junction works having been completed in 2013. The site is currently being marketed and further servicing and utilities will be provided as part of individual plot developments.

The first repayment of £500k is due 31st March 2015 and no flags have been reported.

Overall status is Green

Table 1 **Project Status** R A G

Project Start Date	Project End Date	Status	Agreement in Place?	GPF Allocation £	No Jobs to be Delivered	No Homes to be Delivered	No Office Units to be Delivered	Other Benefits
01-Apr-12	01-Mar-15	Live	Yes	1,500,000	734			

ok R A G

Table 2 **Draw down Schedule** R A G

Drawdowns to Date	Q2 14-15	Q3 14-15	Q4 14-15	Q1 15-16	Q2 15-16	Q3 15-16	Q4 15-16	Post 15-16	Total
1,500,000	-	-	-	-	-	-	-	-	1,500,000
Date:									

ok R A G

Table 3 **Repayment Schedule** R A G

2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	Total
500,000	500,000	500,000							1,500,000

ok R A G

3. Bexhill

Due to issues related to confirmation of funding the project has not progressed as envisaged and set out in the funding application though action has been taken to mitigate. However, things are now progressing with a view to concluding a tender award by early September. The construction period will be 39 weeks commencing 7 weeks after the Harbour Innovation Mall to allow a co-ordinated workflow across both centres with completion due in July 2015, approximately 7 months behind programme.

No other major flags have been raised and at this time it is expected that work will be completed within the funding envelope, and that the repayment schedule will not be adversely affected.

The draw-down profile noted below has to be confirmed, but it is not expected to be significantly different to that noted.

Overall status is Green

Table 1 Project Status R A G

Project Start Date	Project End Date	Status	Agreement in Place?	GPF Allocation £	No Jobs to be Delivered	No Homes to be Delivered	No Office Units to be Delivered	Other Benefits
01-Jan-13	31-Jul-15	Live	Yes	6,000,000	299			

Table 2 Drawdown Schedule R A G Note: Draw down TBA ESCC

Drawdowns to Date	Q2 14-15	Q3 14-15	Q4 14-15	Q1 15-16	Q2 15-16	Q3 15-16	Q4 15-16	Post 15-16	Total
1,750,000	-	1,500,000	2,200,000	550,000	-	-	-	-	6,000,000
Date:									

ok R A G

Table 3 Repayment Schedule R A G

2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	Total
	25,000	200,000	300,000	500,000	4,975,000				6,000,000

ok R A G

4. Sovereign Harbour

Due to issues related to confirmation of funding the project has not progressed as envisaged as set out in the funding application. However, a tender award is now being concluded. The construction period on-site will be 39 weeks from the contract start with completion due in June 2015 approximately 6 months behind programme.

No other major flags have been raised and at this time it is expected that work will be completed within the funding envelope and that the repayment schedule will not be adversely affected.

The Final Credit Agreement has been drafted and is with ESCC & ECC Legal for final review and agreement, with only the matter of the final repayment date to be agreed, which currently has a proposed long-stop date of 31st March 2022.

ESCC have confirmed that the Funding to Sea Change has been agreed, with £4.6m being funded in advance by ESCC and £1.4m being funded by Eastbourne Council.

Overall status is Green

Table 1 **Project Status** R A G

Project Start Date	Project End Date	Status	Agreement in Place?	GPF Allocation £	No Jobs to be Delivered	No Homes to be Delivered	No Office Units to be Delivered	Other Benefits
01-Mar-14	01-Aug-15	Live	No	4,600,000	299		up to 40	

Table 2 **Drawdown Schedule** Profile per Marie ickalls 17.09.14 R A G

Drawdowns to Date	Q2 14-15	Q3 14-15	Q4 14-15	Q1 15-16	Q2 15-16	Q3 15-16	Q4 15-16	Post 15-16	Total
-	1,292,584	1,615,618	1,583,583	108,215	-	-	-	-	4,600,000
Date:									

ok R A G

Table 3 **Repayment Schedule** Profile per Marie ickalls 17.09.14 R A G

2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	Total
-		25,000	200,000	300,000	475,000	400,000	3,200,000		4,600,000

ok R A G

KCC Projects

5. Discovery Park

The project is an allocation to provide loan finance for infrastructure improvements at Discovery Park Enterprise Zone. The application will be made by the owner of Discovery Park, which is a third party private sector company.

KCC have suggested using their current Expansion East Kent process for assessing, evaluating and monitoring the program and ECC have agreed to this.

The Process and timescales are set out under Annex A, with the first drawdown forecast for Q4 2014-15 assuming the application is successful.

In the absence of a formal business case, the Drawdown & Repayment Schedule represents the best view only at this time.

Overall status is Orange.

Table 1 **Project Status** R A G

Project Start Date	Project End Date	Status	Agreement in Place?	GPF Allocation £	No Jobs to be Delivered	No Homes to be Delivered	No Office Units to be Delivered	Other Benefits
01-Nov-14	01-Mar-17	Live	No	4,600,000	TBD	TBD	TBD	TBD

A

Table 2 **Drawdown Schedule** R A G

Drawdowns to Date	Q2 14-15	Q3 14-15	Q4 14-15	Q1 15-16	Q2 15-16	Q3 15-16	Q4 15-16	Post 15-16	Total
-	-	500,000	500,000	500,000	500,000	500,000	500,000	2,100,000	4,600,000

Date: ok R

Table 3 **Repayment Schedule** R A G

2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	Total
			1,150,000	1,150,000	1,150,000	1,150,000			4,600,000

ok R

6. Live Margate

This is a Round 2 allocated project, agreed by the Board in December 2012.

There appears to have been little traction with the scheme promoters, in spite of numerous offers of assistance from KCC. Furthermore, indications are that the cost of refurbishment will exceed the re-sell value and there is a view that this is a housing renewal scheme, more suitable to grant aid than loan funding through GPF.

It has been suggested to the scheme promoters that as this is the case, the application should be withdrawn – this needs to be formally agreed.

The allocation of £5m has therefore been excluded from the allocation shown in this report.

7. Workspace Kent

This is a previously allocated Round 2 Project, and similar to Discovery Park, is subject to receipt of a revised Business Case, and Due Diligence, which will follow the same process as set out for Discovery Park under Annex A.

The Project seeks to set up a challenge fund to which private sector applicants can apply for loan funding to develop incubator and other space. There are two projects (in Maidstone and Shepway) which have completed expressions of interest for loan support.

In the absence of a revised business case, the Drawdown & Repayment Schedule represents the best view only at this time.

Overall status is Orange.

Table 1 **Project Status** R A G

Project Start Date	Project End Date	Status	Agreement in Place?	GPF Allocation £	No Jobs to be Delivered	No Homes to be Delivered	No Office Units to be Delivered	Other Benefits
01-Sep-14	01-Mar-18	Live	No	1,500,000				9000 sqm floorspace

A

Table 2 **Drawdown Schedule** R A G

Drawdowns to Date	Q2 14-15	Q3 14-15	Q4 14-15	Q1 15-16	Q2 15-16	Q3 15-16	Q4 15-16	Post 15-16	Total
			250,000	250,000	250,000	250,000	500,000	-	1,500,000

Date: ok R A

Table 3 **Repayment Schedule** R A G

2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	Total
		250,000	500,000	750,000					1,500,000

ok R A

Thurrock Projects

8. Gray's Magistrates Court

The Project is proceeding to plan, with no major issues flagged. Overall status is Green.

Table 1 **Project Status** R A G

Project Start Date	Project End Date	Status	Agreement in Place?	GPF Allocation £	No Jobs to be Delivered	No Homes to be Delivered	No Office Units to be Delivered	Other Benefits
01-Jan-14	31-Mar-15	Live	Yes	1,400,000	200	-	39	

G

Table 2 **Drawdown Schedule** R A G

Drawdowns to Date	Q2 14-15	Q3 14-15	Q4 14-15	Q1 15-16	Q2 15-16	Q3 15-16	Q4 15-16	Post 15-16	Total
250,000		500,000	650,000	-	-	-	-	-	1,400,000

Date: ok A G

Table 3 **Repayment Schedule** R A G

2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	Total
	200,000	300,000	300,000	300,000	300,000				1,400,000

ok A G

Harlow EZ

9. Revenue Grant

The amount awarded comprised 2 amounts:

£244k in respect of start-up costs – issued & no further action required;

£400k in support of day-to-day expenditure for 2 years ending 31st March 2015, for which £147k has been issued and £29k is in process. The drawdown Profile has yet to be agreed with their S151 Officer, but included as noted hereunder.

No other issues – status Orange (only with regard to future phasing of drawdowns)

Table 2		Drawdown Schedule								Note: Q3-Q1 PK Est Only - TBC Simon Freestone		R A G	
Drawdowns to Date	Q2 14-15	Q3 14-15	Q4 14-15	Q1 15-16	Q2 15-16	Q3 15-16	Q4 15-16	Post 15-16	Total				
147,380	29,375	75,000	75,000	73,245	-	-	-	-	400,000	ok	<input type="checkbox"/>	<input type="checkbox"/>	
Date:													

10. Capital Projects

Funding of £3.5m has been approved, covering 2 sites within the Enterprise Zone:

- a. London Road - £1.5m to be repaid via S106 contributions
- b. Templefields Site - £2.0m to be repaid via the uplift in NNDR

The repayment profile for the £2m to be repaid via the uplift in NNDR has been excluded at this time, pending a more detailed review and assessment by ECC which is currently underway.

Loan Agreements have yet to be put in place, including the sub-ordinate Agreements with the Developers, and it is anticipated that this work will be concluded over the coming weeks.

The latest update flags no major issues with the overall program status as follows:

London Road campus – on track expected to meet RAG status

Start of Utilities diversions	Nov 14
Main works	April 15
Completion	Dec 15

Templefields campus – on track expected to meet RAG status

Start of utilities diversions	Nov 14
Main works	Nov 15
Completion	Mar 2016

Overall status is Orange at this juncture

Table 1 **Project Status** R A G

Project Start Date	Project End Date	Status	Agreement in Place?	GPF Allocation £	No Jobs to be Delivered	No Homes to be Delivered	No Office Units to be Delivered	Other Benefits
01-Apr-13	31-Dec-16	Live	No	3,500,000	4,000	1,500	u/k	n/a

Table 2 **Drawdown Schedule** R A G

Drawdowns to Date	Q2 14-15	Q3 14-15	Q4 14-15	Q1 15-16	Q2 15-16	Q3 15-16	Q4 15-16	Post 15-16	Total
-	1,500,000	2,000,000	-	-	-	-	-	-	3,500,000
Date:									

ok R A G

Table 3 **Repayment Schedule** R A G

2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	Total
-	-	-	100,000	200,000	300,000	400,000	500,000		1,500,000

error R A G

Medway Projects

11. Chatham Waterfront

The Project is largely on track, with one or two exceptions as noted herein:

Refurbishment of a section of the historic Gun Wharf into a public archive; the original proposal for housing the public archives have now changed as a more suitable building will be used elsewhere. However, other uses are being considered such as a café/restaurant use (subject to viability). The Council is still committed to using the agreed match funding and will continue to work towards a viable use that creates an active frontage along the river walk.

Land raising and improvements to flood defences; land needs to be acquired before works could be complete. However, it may not be advisable to take these works forward without a clear understanding of what will be built which won't be apparent until the site is marketed and a preferred developer is identified. The Council will wait until this stage before committing to any works to ensure any measures are relevant and don't preclude the final development.

Key Risks & Dependencies

Acquisition of land through agreement; if can't be achieved use of CPO to progress main objective of mixed use development.

Overall status is Orange

Table 1 **Project Status** R A G

Project Start Date	Project End Date	Status	Agreement in Place?	GPF Allocation £	No Jobs to be Delivered	No Homes to be Delivered	No Office Units to be Delivered	Other Benefits
01-Apr-13	01-Mar-16	Live	Yes	2,999,042	211	159	-	NA

Table 2 **Drawdown Schedule** 2nd Draw down moved to 15-16 FK R A G

Drawdowns to Date	Q2 14-15	Q3 14-15	Q4 14-15	Q1 15-16	Q2 15-16	Q3 15-16	Q4 15-16	Post 15-16	Total
34,500		1,369,042		-	-	-	1,595,500	-	2,999,042
Date:									

Table 3 **Repayment Schedule** R A G

2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	Total
				2,999,042					2,999,042

12. Rochester Riverside

The Project is largely on track, with one or two exceptions as noted herein

Off-site sewer upgrades:

A proportion of the Rochester Riverside GPF had been originally earmarked for off-site sewer upgrades. However, following discussions with Southern Water the Council has decided not to progress with these works. Southern Water could not guarantee that the sewer upgrades would be solely earmarked for Rochester Riverside and therefore there was too great a risk of non-delivery. The funding will instead be used to purchase a vacant retail unit currently located within the first phase of housing development at Rochester Riverside. Once purchased the Council will market the unit for retail use.

Southern Gateway Square extension and Furrells extension:

The developer for 'Stanley Wharf' is now undertaking the extension of the Southern Gateway Square and Furrells link as part of their works. The funding allocated to this project will instead be used to purchase and upgrade seven redundant railway arches in the Southern Gateway. The arches will be converted into business use for the creative industries.

The Council is also exploring the possibility of purchasing an area of land on site that is not currently within the red line boundary for Rochester Riverside. If purchased the site will be taken forward for residential development.

Overall status is Orange

Table 1 **Project Status** R A G

Project Start Date	Project End Date	Status	Agreement in Place?	GPF Allocation £	No Jobs to be Delivered	No Homes to be Delivered	No Office Units to be Delivered	Other Benefits
01-Apr-13	01-Mar-16	Live	Yes	4,410,000	402	450	4176sqm	NA

Table 2 **Drawdown Schedule** Amended FK R A G

Drawdowns to Date	Q2 14-15	Q3 14-15	Q4 14-15	Q1 15-16	Q2 15-16	Q3 15-16	Q4 15-16	Post 15-16	Total
452,409		1,571,284		2,386,307	-	-	-	-	4,410,000
Date:									

ok R A G

Table 3 **Repayment Schedule** R A G

2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	Total
		110,000	130,000	1,650,000	2,520,000				4,410,000

ok R A G

ECC Projects

13. Parkside Office Village

The Project is complete with all sums drawn down & repayment confirmed in line with the Agreement.

The closing Financials have been received.

Project Status Green

Table 1 **Project Status** R A G

Project Start Date	Project End Date	Status	Agreement in Place?	GPF Allocation £	No Jobs to be Delivered	No Homes to be Delivered	No Office Units to be Delivered	Other Benefits
19-Aug-13	30-Jun-14	Live	Yes	2,400,000	126	-		

Table 2 **Drawdown Schedule** R A G

Drawdowns to Date	Q2 14-15	Q3 14-15	Q4 14-15	Q1 15-16	Q2 15-16	Q3 15-16	Q4 15-16	Post 15-16	Total
2,400,000	-	-	-	-	-	-	-	-	2,400,000
Date:									

ok R A G

Table 3 **Repayment Schedule** R A G

2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	Total
	2,400,000								2,400,000

ok R A G

14. Chelmsford NE Urban Expansion

The Project is complete and drawdowns only dependent upon agreeing the closing accounts with the contractors and HA.

Repayment has been confirmed as on track and in line with the Agreement.

Project Status is Green

Table 1 **Project Status** R A G

Project Start Date	Project End Date	Status	Agreement in Place?	GPF Allocation £	No Jobs to be Delivered	No Homes to be Delivered	No Office Units to be Delivered	Other Benefits
01-Apr-13	29-Aug-14	Live	Yes	1,000,000	2,105	365	-	-

ok R A G

Table 2 **Drawdown Schedule** R A G

Drawdowns to Date	Q2 14-15	Q3 14-15	Q4 14-15	Q1 15-16	Q2 15-16	Q3 15-16	Q4 15-16	Post 15-16	Total
176,697	87,685	500,000	235,618	-	-	-	-	-	1,000,000
Date:									

ok R A G

Table 3 **Repayment Schedule** R A G

2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	Total
500,000	500,000								1,000,000

ok R A G

15. Harwich Supply Base

No Drawdown or agreement is in place for this project and a letter has been issued to the developers to advise that given the delays and problems experienced in obtaining leases etc. that the allocated funding is to be withdrawn. This needs to be formally agreed.

The allocation of £2.28m has therefore been excluded from the allocation shown in this report.

16. Expressions of Interest

To be inserted

END OF REPORT

P Keegan
17.09.14

Annex A

DISCOVERY PARK ENTERPRISE ZONE: GROWING PLACES FUND AGREEMENT BETWEEN ESSEX COUNTY COUNCIL AND KENT COUNTY COUNCIL

This note summarises the proposed agreement between Essex County Council (ECC), acting as the Accountable Body for the Growing Places Fund and Kent County Council to enable Growing Places Fund money to be drawn down to support infrastructure delivery at Discovery Park Enterprise Zone.

1. Indicative authorisation of GPF funds

The LEP Board has approved the allocation of £4.6 million from the Growing Places Fund for use at Discovery Park EZ.

There is no requirement for the LEP Board to further consider the £4.6 million allocation, provided the provisions in this agreement are met.

2. Form of agreement between Essex County Council and Kent County Council

Subject to the conclusion of the process set out in (3) below, ECC will transfer GPF funds to KCC via a Funding Agreement.

The Funding Agreement will specify:

- (a) That GPF funds shall be paid to KCC quarterly in advance of need according to an agreed schedule;
- (b) That KCC shall be responsible for the correct allocation, use and monitoring of funds;
- (c) The reporting and monitoring arrangements that shall be put in place between KCC and ECC
- (d) That KCC shall seek to secure repayment of the loan from the final beneficiary;
- (e) That KCC shall repay ECC according to an agreed schedule (subject to funds being recovered from the final beneficiary);
- (f) That the loan agreement between ECC and KCC shall be interest-free. However, KCC shall be obliged to repay ECC all income derived from the loan (i.e. interest charged on the loan to the final beneficiary), minus KCC reasonable management costs incurred, both to be agreed by the parties in advance of entering into the Funding / Loan Agreement(s)

ECC has provided KCC with a draft Loan Agreement. KCC has agreed to respond with comments and proposed amendments.

3. Process for making loan funding available to final beneficiary

Stage 1

KCC will:

- a) Invite the proposed final beneficiary to apply for a loan of up to £4.6 million, using the system that is currently in place for Expansion East Kent (see Annex 1);
- b) Ensure that this application is independently appraised according to Expansion East Kent criteria and any supplementary criteria required for the purposes of Growing Places Fund;
- c) Consider the application via the Expansion East Kent Investment Advisory Board (or equivalent panel). This shall include an assessment of the risk of default;
- d) Recommend to ECC whether a loan agreement should be entered into. This recommendation shall include the interest rate that shall be charged, security and any arrangement fees.

Stage 2

ECC on the completion of Stage 1, will determine the application, based on its own findings but having due regard to KCC's recommendations.

In the event that the parties cannot agree to the application and a loan agreement cannot be concluded through this process, subject only to any formal approvals that may be required, the allocation of £4.6m shall be cancelled and the offer formally withdrawn.

Stage 3

Following the successful completion of Stages 1 and 2, the parties will

- a) enter into an agreement(s) as follows
 - a. A Funding Agreement between ECC and KCC, and;
 - b. A Loan Agreement between KCC and the final beneficiary (the site owners)

4. Proposed timetable – (To be Ratified on or before the September Board Meeting)

	KCC/ Owner	ECC/ ECC/	Longstop
1. Agreement to process	KCC/ ECC		22 August 2014
2. Letter to KCC confirming £4.6 million Board allocation and agreed process	ECC		29 August 2014
3. Agreement to draft form of Loan Agreement between ECC and KCC	ECC/ KCC		15 September 2014
4. Application for funding received by KCC	Owner		15 November 2014
5. Application for funding determined (<i>assuming information provided complete</i>)	KCC		31 December 2014
6. Loan agreement with owner determined	KCC		31 January 2015
7. Loan agreement (ECC-KCC) determined	KCC-ECC		31 January 2015

29 August 2014

Annex B

Project Template – Expression of Interest - Growing Places Fund

A: PROJECT SUMMARY	
A.1	Project Title
A.2	Lead Point of contact
A.3	Contact email
A.4	Contact telephone
A.5	Location of the project including which Local Authority Area(s) it falls within
A.6	How much funding is sought from the Growing Places Fund?
A.7	Brief description of project and what it will deliver (<i>please keep your response to less than 250 words</i>)

B: STRATEGIC FIT	
B.1	Please outline how the project fits with the LEP Vision and objectives
B.2	Please outline the policy and strategic context (<i>local policies, strategies, local investment plan etc</i>)
B.3	Who are the key partners in the project

C: INFRASTRUCTURE REQUIREMENTS	
C.1	Please outline the infrastructure requirements for which funding is sought (<i>eg. completion of a road, flood defences etc</i>)

D: VIABILITY	
D.1	Total cost of the project
D.2	Growing Places Funding required
D.3	What other sources of funding will contribute to the project and how secure are they?
D.4	Please provide a project cashflow illustrating the anticipated timing of the costs and receipts summarised above, a suggested format is included at Annex A
D.5	What is the basis of these cost and income estimates? (<i>source and date</i>), please attach any supporting reports or data
D.6	What is the approximate total cost of the wider development the funding will unlock?

E: DELIVERABILITY	
E.1	What evidence is there of market demand for the project/proposed development? (<i>source and date</i>)
E.2	What is the planning status of the project?
E.3	Are all relevant approvals and permissions in place to start the works in 2012-13 or 2013-14?
E.4	Anticipated physical start date
E.5	Anticipated completion date

F. EXPECTED BENEFITS							
F.1	Estimate jobs and homes						
	2015/16	2016/17	2017/18	2018/19	2020+	Total	

	Jobs					
	Homes					
F.2	Other outputs (<i>please state</i>)					
F.3	Please outline the basis for these estimates (<i>eg. economic impact assessment, appraisal</i>)					
F.4	Is the realisation of the above outputs contingent on any further investment which is not yet secured?					
F.5	<p>Deadweight - Please demonstrate that without support from the Growing Places Fund the project would:</p> <ul style="list-style-type: none"> • Not proceed • Not proceed within the same time frame <p>Not deliver the same quantum and/or quality of outputs</p>					
F.6	Please outline the proposed leverage associated with the project.					
	Source (<i>eg Regional Growth Fund, ERDF, private investment</i>)	Scale (£)	Certainty			
	<i>Housing & Communities Agency</i>					
	<i>Growing Places Fund</i>					
	Other					
	<i>Please state</i>					

G: CONTRIBUTION TO THE ESTABLISHMENT OF A REVOLVING FUND

G.1	How will the Growing Places fund be repaid? (<i>eg. developer contributions</i>)	
G.2	Do you anticipate that the total value of the Growing Places Fund will be repaid?	
G.3	Anticipated timetable for repayment	
	2015-16	
	2016-17	
	2017-18	
	2018-19	
	2019-20 +	

H: RISKS

H.1	What risks have been identified in achieving the outcomes of the project and what are the mitigation plans?	Detailed planning for the development platform clear site will be in place. If there is a risk it is that detailed planning permission for the enterprise centre will be required. The HCA project team has extensive experience in acquiring planning permission and delivery of such schemes and will be working in partnership with Gravesham Borough Council the planning authority for the site.
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I: STATE AID

I.1	Provide confirmation (<i>with reasons</i>) that by supporting this project the Growing Places Fund will not be providing State Aid	Works will be subject to market tender in accordance with public sector and EU procurement regulations.
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Annex A Project Promoter Summary Cashflow to be completed by recipient of GPF funding

SEFUND

Purpose

1. To provide an update on SEFUND and to agree next steps for its development.

Recommendations

2. The Board is asked to:
 - Agree further concept development and feasibility work
 - Establish a shadow Board including representatives from each federated area and the Government to develop an implementation Plan for SEFUND
 - Agree for the Shadow Board supported through the SE LEP Secretariat to commission further specialist property and legal advice to support the SEFUND implementation plan

Background

3. The South East Fund (SEFUND), a largely recyclable real estate and infrastructure fund, was first proposed in our SE LEP Growth Deal submitted to the Government in July.
4. While not ultimately successful, through the Growth Deal, Government has committed to “work with the LEP to help deliver the Fund and bring forward an implementation plan”.
5. Over the Summer, work was undertaken by Sarah Whitney to conclude and consolidate the extensive work that supported the Growth Deal proposition.
6. Much of this work is reflected in the interim note circulated to the Board in August which is attached for information.
7. The Board will receive a short presentation from Sarah Whitney.

South East Local Enterprise Partnership

Establishing SEFUND

“...Government recognises the LEP’s intention to establish a South East Fund (SEFUND) and will work with the LEP to help deliver the Fund and bring forward an implementation plan with South East LEP within the next three months.”

SE LEP Growth Deal, July 2014

Our Proposal

- **To establish SEFUND, a £5b property investment fund**, drawing public, private and EU money together to provide the infrastructure necessary to boost business and jobs.
- To **pilot SEFUND** in 2015/16 to provide proof of concept and delivery, building the fund over time to our £5 billion+ investment fund target.
- To use SEFUND to **accelerate delivery of SE LEP’s Growing Places Fund (GPF)** investment programme.

What is SEFUND?

- **SEFUND is the largely recyclable real estate and infrastructure fund** at the heart of our Growth Deal proposal.
- **SEFUND will ensure delivery of non-transport projects** and promote investment into priority schemes within the SE LEP area.
- **SEFUND is both an investment fund and a clear delivery mechanism in its own right.**
- **SEFUND is, in effect a series of key projects**, many of which have already been identified in our Growth Deal submission. Others will be delivered in later years from calls for project applications across the SE LEP area, both private and public sector led.
- **SEFUND will draw directly on professional investment/property/finance expertise to:**
 - **Lever up to £5 billion of private and public sector investment** into these projects; and
 - **Provide expert advice on project delivery.**
- **SEFUND will both provide investment risk capital in line with its investment strategy and support federal areas in the delivery of projects** with devolved funding by providing access to investment/property/finance specialists.
- **SEFUND will invest in further growth off the back of its own success.**

How are we preparing SEFUND?

- We are commissioning work to bring SEFUND forward, to enable us to **place existing GPF funds within it** and to **open the fund up to encourage further private sector development interest.**
- We know there is **serious private sector investment interest** in such a fund and will enter discussions with potential investors, either to invest into SEFUND directly or into priority projects.
- **Local authority support continues to be critical and member councils have already in principle jointly committed £250m of investment at project level to SEFUND schemes**

SEFUND Investment Strategy

- Our SEFUND investment strategy will take account of the types of projects which are key to promoting growth across SE LEP and why the market is failing to bring these projects forward.
- The Investment Strategy will set out the targeted returns and outputs for SEFUND as a whole and will demonstrate how frequently funds will be recycled.
- Projects promoted by both private and public sector organisations (including registered social landlords) will be considered on equal terms and there will be periodic calls for projects.
- SEFUND funding will be considered on the following basis:
 - The **investment sought is the minimum contribution** required to secure delivery;
 - The **funding mechanism is the most appropriate** given the nature of the project; and
 - **SEFUND investment would not displace any other form of investment.**
- Possible investment mechanisms include the following:
 - **Debt finance** is likely to be the most usual form of investment by SEFUND. Generally, SEFUND will expect that the project is capable of repaying SEFUND's investment within an appropriate period of time and is capable of servicing SEFUND debt finance at a level which reflects both the project and counterparty risk. SEFUND's loan will be secured by way of a legal charge over the assets of the development project. Further security may also be sought.
 - **Equity investment** will be available from SEFUND in some cases. When offered, it would sit pari passu with the promoter's investment with all profits/losses apportioned between the parties on the basis of the level of investment made.
 - **Rental guarantees** may be made available both on a stepped and partial basis. An appropriate fee will be charged for the provision of such a guarantee.
 - **Grant funding**, as a "last resort" option, may be provided by SEFUND under the terms of a gap funding agreement, which will contain appropriate coverage condition.
- An **appropriate return will be sought on each SEFUND investment** (with the exception of grant funding).
- The **level of return will be assessed according to the security available** from within the project, the financial strength and covenant of the promoter, and the perceived level of risk inherent in the project.
- A **proportion of SEFUND's capital will be set aside for disbursement to support the development of potential investment projects.**
- SEFUND will not be legally constituted at this stage, although this will be kept under review. One of the county or unitary councils will act as an accountable body for SEFUND.

Governance & Management

- SE LEP will appoint a Board to be responsible for SEFUND. We envisage that this will include representatives from each county and unitary council, business members from the SE LEP Board, and a senior official from the Homes and Communities Agency.
- We have also extended an invitation through Ministers for representative from the Treasury or BIS to sit on the SEFUND Board.
- The SEFUND Board will be responsible for setting the SEFUND Investment Strategy (in agreement with the SE LEP Board), appointing and removing the fund manager, reviewing the performance of the fund manager, approving each investment on the basis of the due diligence undertaken by the fund manager; and receiving quarterly reports on the performance of the SEFUND funds.
- It is envisaged that S151 officers (ie Finance Directors) from each authority will form a finance board to work with the fund manager.

The Fund Manager

- The fund manager is likely to be either a firm of chartered surveyors with development, real estate finance and fund management expertise or a professional property fund manager.
- They will be responsible for identifying investment projects, managing the investment project pipeline, advising on the preparation and shaping of the project for investment, monitoring the development, and securing the repayment of SEFUND monies.
- They will have overall responsibility for co-ordinating the investment process, undertaking due diligence on the investment, pricing and determining the other terms on which investment is to be made, monitoring investment performance, and reporting to the SEFUND Board.
- One of the overriding objectives of SEFUND will be, with the exception of a small pool of identified grant funding, to seek to maintain the real value of SEFUND's capital. Thus at the end of 2021, SEFUND will be in a position to continue to recycle its capital and invest in a further round of projects, delivering a similar level of outputs for future years.

Impact

- An initial SEFUND Investment Strategy will detail the outputs SEFUND will secure. The following outputs and impact that will result from each £50m of SEFUND investment (either from Local Growth Fund, or local authority project investment) in commercial projects for six years are at least 180,000 sqm of commercial space, supporting some 15,000 new jobs.
- This leverages approximately £200m of private sector investment and, once fully occupied, produces an annual business rate income of £13 million.
- If the £50million is invested in housing, it will be recycled twice and thus leverage £300 million over six years. This enables the development of some 4,000 new homes.
- On the assumption that SEFUND investment is split equally between housing and commercial development projects, based on £2.5bn of investment we envisage that as a minimum, SEFUND would lead to:
 - Securing the development of 1 million sqm of new business space;
 - Enabling the development of 20,000 additional homes;
 - Leveraging of £2.5 billion of additional investment;
 - Creating or safeguarding 75,000 jobs; and
 - Creating £65 million of additional business rate income annually.

SEFUND: Next Steps and Project phases

Following intensive activity by private and public sector supporters for inclusion of SEFUND in the SE LEP Growth Deal, including confirmation to Government that work to establish SEFUND was underway, the Chairman agreed at the SE LEP Annual Assembly to bring a full proposal to the SE LEP Board Meeting in September.

Prior to this, further feasibility work will be undertaken to develop the concept and the project phases. It is important Board members are closely involved in this process and input sought as appropriate. Further updates will be provided to all Board Members in advance of the September Board meeting.



IMPLEMENTATION OF A SOUTH EAST GROWTH HUB

Purpose

1. To advise the Board of the proposed approach to implementing the South East Growth Hub project - part of the SE LEP Growth Deal with Government.

This paper is to follow